

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AF-06 ARA-06 EUR-12 NEA-10 SSO-00

NSCE-00 USIE-00 INRE-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 OIC-02 /120 R

DRAFTED BY EA/PHL:RTWILLNER:JAK

APPROVED BY EA:LEEDMOND

STR:SLANDE

COMM:DND/OTP:LMURPHY

USDA/FAS:JBENSON (DRAFT)

L:GALDRICH (DRAFT)

TREASURY:OASIA:YKHWANG (DRAFT)

LABOR:ILAB:HFIEKOWSKI (DRAFT)

EB/GCP:HCBLACK (DRAFT)

EB/OIA:ECONSTABLE (DRAFT)

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O P 052241Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

INFO USDEL MTN GENEVA PRIORITY

C O N F I D E N T I A L STATE 054688

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: PHILIPPINE ECONOMIC NEGOTIATIONS

REF: A. MANILA 2977, B. MANILA 2712

1. EMBASSY SHOULD ADVISE GOP WE WOULD GREATLY PREFER TO
MEET WEEK OF MARCH 29 IF POSSIBLE. BEGINNING MARCH 23

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WOULD BE POSSIBLE BUT VARIOUS COMMITMENTS OF SOME OF THE

OFFICIALS WHO WOULD BE INVOLVED MAKE THE LATER DATE MORE DESIRABLE. APPRECIATE EARLIEST POSSIBLE CONFIRMATION OF DATES, AND LEVEL AND COMPOSITION OF DELEGATION.

2. AS REGARDS VEGA'S QUESTIONS ON EXTENT OF U.S. OFFERS, HE SHOULD BE ADVISED THAT WE ARE PREPARED TO NEGOTIATE WITH GOP TO EXTENT PERMITTED BY U.S. TRADE ACT AND THAT U.S. CONCESSIONS WITHIN THAT SCOPE WILL DEPEND ON EXTENT OF PHILIPPINE ACCOMMODATION OF U.S. NEEDS, NOT ON LOCUS OF NEGOTIATIONS, AND THAT U.S. EXPECTATIONS WILL BE THE SAME IN EITHER PLACE. BELIEVE THAT FURTHER RESPONSES TO VEGA'S QUESTIONS SHOULD BE DEALT WITH DURING DISCUSSION HERE.

3. WOULD LIKE TO HAVE FURTHER CLARIFICATION OF VEGA'S COMMENTS RE AGENDA, PARTICULARLY ON MEANING OF "TRADE AGREEMENT COVERING BILATERAL ECONOMIC RELATIONS" AS CONTRASTED

;"INVESTMENT AGREEMENT". U.S. DRAFT TABLED JULY 1974 'AS A TREATY COVERING INVESTMENT AND OTHER BILATERAL ECONOMIC ISSUES WITH ANNEXED AGREEMENT ON TRADE. IN LINE WITH THIS TWO-PART PACKAGE, WE HAVE ENVISAGED NEGOTIATIONS PROCEEDING IN TWO PANELS, ONE DEALING WITH OVERALL TREATY AND ONE WITH SPECIFIC TRADE ISSUES. IN PREPARING INSTRUCTIONS ON AGENDA WE WOULD FIND IT HELPFUL TO KNOW IF GOP CONTEMPLATES A DIFFERENT BREAKDOWN.

4. WE ASSUME "OTHER ECONOMIC MATTERS" REFERRED TO BY VEGA REPRESENT VARIOUS GOP REQUESTS PRESENTED DURING JULY 1974 TALKS, ON ISSUES SUCH AS REFUND OF COCONUT OIL PROCESSING TAX, SUGAR MARKETING ARRANGEMENTS, SHIPPING ARRANGEMENTS, ETC. WE WOULD BE PREPARED TO DISCUSS THESE ISSUES DURING THE NEGOTIATIONS AS APPROPRIATE. ANY FURTHER CLARIFICATION OF GOP DESIRES WILL BE APPRECIATED.

5. AS REGARDS INVESTMENT ISSUES, WE HAVE REVIEWED DRAFT TREATY TABLED JULY 1974 AND HAVE CONCLUDED IT CONTINUES TO REPRESENT OUR POSITION. OUR PRINCIPAL INTEREST AT THIS POINT IS IN OBTAINING A PHILIPPINE RESPONSE TO THAT DRAFT.

6. FOR GENEVA: UNDERSTAND THAT NEXT STEP IN TROPICAL
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PRODUCT DISCUSSIONS WILL BE TO CLARIFY U.S. OFFER LIST WITH RESPECTIVE DELEGATIONS AND PRESENT REQUESTS FOR CONCESSIONS. IN VIEW OF IMMINENCE OF BILATERAL DISCUSSIONS IN WASHINGTON AND FACT THAT AMBASSADOR VEGA WILL BE IN WASHINGTON BEFORE TRAVELLING TO EUROPE, ANY SUBSTANTIVE DISCUSSION WITH GOP DELEGATION SHOULD BE DEFERRED UNTIL RESULTS OF TALKS HERE ARE EVALUATED. IF YOU FORESEE PROBLEMS IN THIS APPROACH, PLEASE ADVISE. KISSINGER

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Margaret P. Grafeld
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04 MAY 2006

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